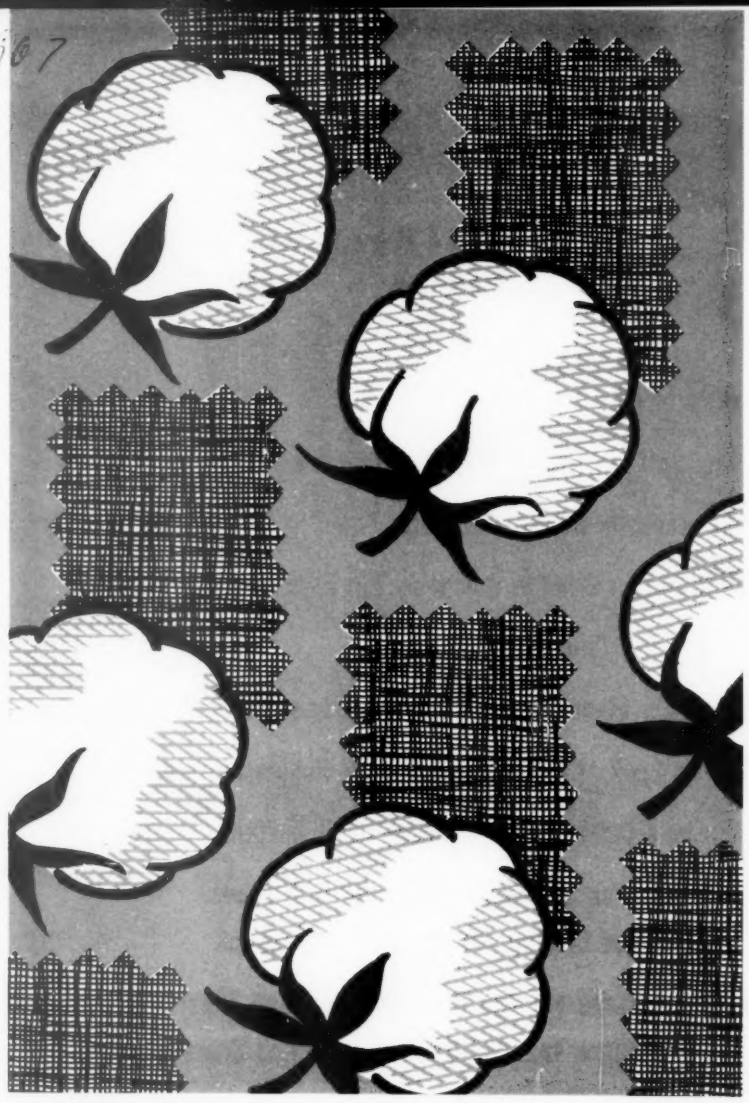
Dec. 1967
11

main

DECEMBER 11, 1967



COTTON:
U.S. Program
Kennedy Round

COLOMBIA:
1967 Review
New Banana Area
Rural Housing

MIAMI UNIVERSITY LIBRARY

DEC 20 1967

FOREIGN AGRICULTURE

Including FOREIGN CROPS AND MARKETS

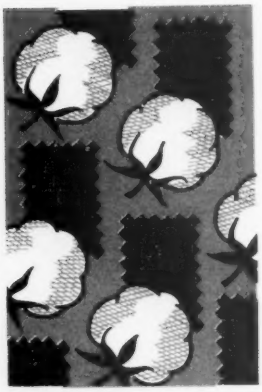
A WEEKLY MAGAZINE OF THE UNITED STATES DEPARTMENT OF AGRICULTURE
FOREIGN AGRICULTURAL SERVICE

FOREIGN AGRICULTURE

Including FOREIGN CROPS AND MARKETS

DECEMBER 11, 1967

VOLUME V • NUMBER 50



Cotton bolls and textile swatches decorate the cover of this week's FOREIGN AGRICULTURE, whose lead stories focus on the new U.S. cotton program and the Kennedy Round results for this fiber.

Contents

3 New Cotton Program To Spur Output of Longer Staples

4 The Kennedy Round—and U.S. Trade in Raw Cotton Products

6 Crop Output Good in Colombia, but Farm Trade Falls

8 Bananas in Colombia

10 Colombia Finances Housing Developments for Rural People

11 A New Look at the World Food and Population Problems

13 Mexico's Cattle Industry Faces an Uncertain Future

14 2,500 German Stores Campaign for U.S. Foods
Supermarket Concept Up for Sale in Bangkok

15 Soybean Trade Mission Predicts Increased Exports to Europe
1967 a Banner Year for Dollar U.S. Wheat Sales to Rapidly Growing Taiwan Market

16 U.S. Feedgrain Exporters Watch Growth of Japan's Egg Industry

17-20 World Crops and Markets (Commodity index on page 20)

Orville L. Freeman, Secretary of Agriculture

Dorothy H. Jacobson, Assistant Secretary for International Affairs

Raymond A. Ioanes, Administrator, Foreign Agricultural Service

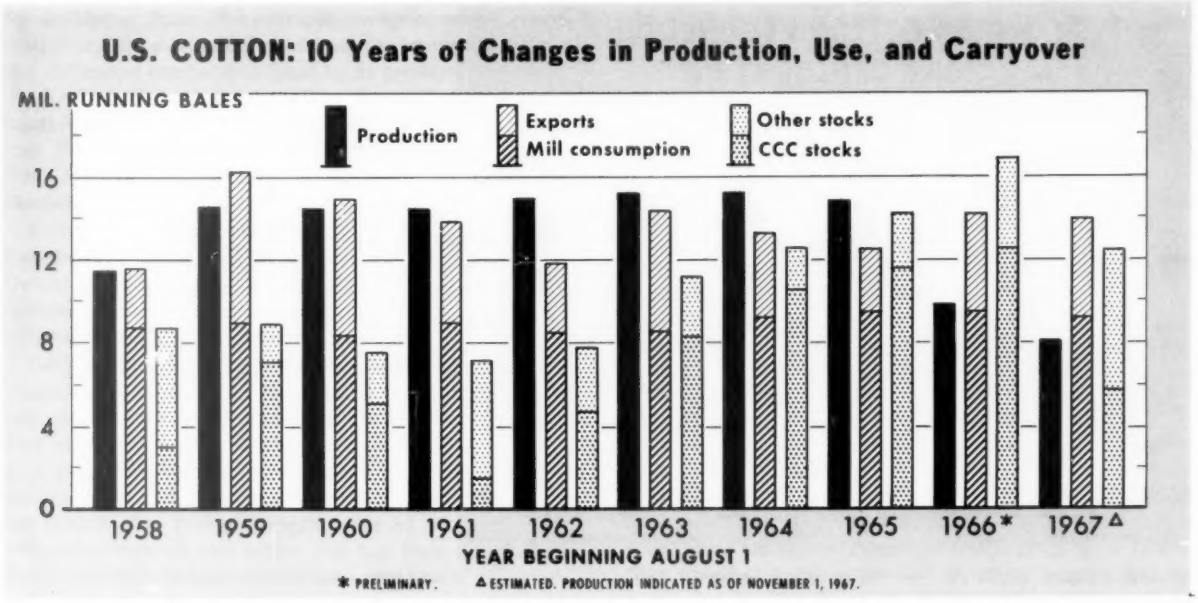
Editor: Alice Fray Nelson **Associate Editors:** Janet F. Beal, Elma E. Van Horn

Advisory Board:

W. A. Minor, Chairman; Horace J. Davis, Anthony R. DeFelice, Kenneth K. Krogh, Robert O. Link, Kenneth W. Olson, George A. Parks, Donald M. Rubel, Dorothy R. Rush, Raymond E. Vickery, Quentin M. West.

This magazine is published as a public service, and its contents may be reprinted freely. Use of commercial and trade names in the magazine does not imply approval or constitute endorsement by the Department of Agriculture or the Foreign Agricultural Service.

Foreign Agriculture is published weekly by the Foreign Agricultural Service, United States Department of Agriculture, Washington, D. C. 20250. Use of funds for printing this publication has been approved by the Director of the Bureau of the Budget (December 22, 1962). Yearly subscription rate is $7.00, domestic, $9.25 foreign; single copies are 20 cents. Orders should be sent to the Superintendent of Documents, Government Printing Office, Washington, D. C. 20402.



New Cotton Program To Spur Output of Longer Staples

By CHARLES H. BARBER
Cotton Division
Foreign Agricultural Service

The new U.S. cotton program for 1968 will permit a return to near-normal production, with emphasis on a shift to the longer staple upland varieties.

The program changes for 1968 signify the end of a 2-year period in which U.S. cotton inventories were reduced faster than was expected—from nearly 17 million bales on August 1, 1966, to a prospective level of less than 7 million next August 1. Legislation and programs in effect for 1966 and 1967 were intended to spread this stock reduction over a 4-year period, but unfavorable weather and resulting low yields in both years cut the liquidation period in half. A narrow spread between prices of short staples and medium and long staples during the past year was partly responsible for a disproportionate increase in sales and decrease in supplies of the longer staple varieties, while supplies of the shorter staple varieties are still more than adequate to meet the current demand.

Some details of the new program

The new program, announced on October 11, 1967, is expected to (1) encourage increased production in 1968, to a level about equal to expected exports and domestic mill requirements, or approximately 13.5 million bales; (2) encourage some shift to varieties with longer staple lengths; and (3) enable U.S. cotton to compete more effectively with manmade fibers and foreign cotton by retaining for next year the current loan rate of 20.25 cents for Middling 1-inch cotton.

Acreage diversion requirements and payment rates to producers are being adjusted in such a way as to bring about the increased use of acreage allotment and still meet legislative requirements that producers be guaranteed a return of at least 65 percent of parity for the cotton produced on permitted acreage (95 percent of total allotments in 1968).

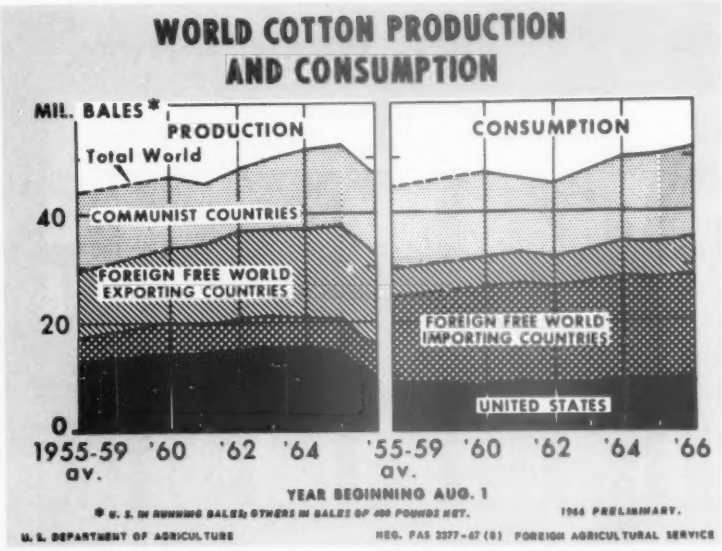
Differences from the old program

The principal changes from the 1967 program are that (1) the required diversion for farmers who wish to be cooperators in the acreage diversion program has been reduced from 12.5 percent to 5 percent of the regular allotment; the payment rate will be 10.76 cents per pound, compared with 10.78 cents this year; (2) the payment rate for voluntary diversion (up to an additional 30 percent of the allotment) has been reduced to 6 cents per pound from 10.78 cents in 1967; and (3) the rules for measuring cotton planted in a skip-row pattern have been changed back to those used from 1962 through 1965.

Provisions retained from old program

Major program provisions which remain the same as for 1967 are (1) the national acreage allotment, which is still 16 million acres plus a national reserve of 200,000 acres; (2) the referendum to determine if the program will be operative (scheduled to be held by mail Dec. 4-8); (3) the national projected yield; (4) the domestic acreage allotment provisions; (5) the loan rate, still at 20.25 cents per pound for Middling 1-inch cotton at average location; (6) the cotton diversion program, on a voluntary basis; and (7) price support payments. (The rate for these payments, however, at 12.24 cents per pound, will be up from the 11.53 cents of 1967.)

The current supplies of nearly all qualities of cotton in the United States are considered adequate to meet expected demand at current price differentials until the next crop arrives. Wide price changes have occurred on a week-to-



The changes in world cotton production and consumption illustrated in the chart at left form a background for the new U.S. cotton program announced this fall. While the United States was reducing its 1966 crop by 5 million bales through encouraging acreage diversion, crops elsewhere held steady or rose somewhat, as did consumption. The result—a more rapid drop in U.S. stocks than had been anticipated.

week basis since the beginning of the season, with prices of the high grades of the longer staples currently as much as 12 cents a pound higher than they were a year ago. This in itself has tended to stretch the supplies of these staples, as many buyers have shifted to lower price shorter staples.

Export demand for staples 1 inch and under is currently strong, stimulated by this shift from purchases of longer staples, while exports of longer staples will no doubt be lower for the same reason. Foreign supplies of the longer staples are no larger than a year ago, but competition with manmade fibers is somewhat more difficult because of increased productive capacity and the sharp rise in U.S. cotton prices. A moderate rise in foreign mill consumption, expected this year, appears to be materializing very slowly. U.S. cotton exports during the year ending next July 31 are expected to total about the same as last year's 4.7 million bales. Exports in 1968-69 may face more difficulties because of expected increases in production in other countries and continued strong competition from lower priced manmade fibers on a worldwide basis.

The Kennedy Round—and U.S. Trade in Raw Cotton Products

Cotton—regardless of rising competition from manmade fibers—is still the basic raw material for the world's textile industries; and the United States has traditionally been the world's most important cotton producer and exporter. However, the recently completed Kennedy Round of tariff negotiations under the General Agreement on Tariffs and Trade (GATT) will not have much effect on U.S. trade in raw cotton products.[1]

In an international conference aimed at reducing tariffs, this is not surprising, for most of the countries that are major importers of raw cotton already admit it free of duty. Thus, there were relatively few possibilities for the United States to receive tariff reductions from its cotton customers. Moreover, the United States, in view of its commanding export position, did not grant any concessions itself.

Some concessions received on U.S. exports

The United States received concessions totaling $30 million on raw cotton, linters, and cotton waste, out of its total 1964 export trade of $698 million (about 80 percent of which was with the GATT countries and most of which was already bound free). From one country, Yugoslavia, it received a tariff cut involving trade of $13 million. However, the other tariff reductions were not significant; and about half the concessions were "bindings" of already existing free rates. Thus, there will be little effect on U.S. export capabilities.

Raw cotton. Of the three cotton items with which this article deals, raw cotton is by far the most important export trade commodity. In 1964, the raw cotton exports of the United States were valued at $682 million, compared with $8 million each for cotton linters and cotton waste. Exports of cotton amounted to about 5 million bales that year. They generally account for about 30 percent of the total disappearance of the U.S. crop.

Practically all of the industrial countries constituting the major U.S. markets for raw cotton have imported it free of duty for many years, since it has been the backbone of their important textile industries. Italy, which produces a small amount of cotton itself, maintained a 6-percent duty against cotton imports until it undertook the gradual elimination of this duty in order to harmonize its tariff treatment for cotton with that of other members of the European Economic Community. This duty-free treatment had already been bound in GATT.

The situation is different, however, in countries that produce cotton. The United States counts India, Korea, and Taiwan as markets of significance, but these countries, with some cotton production of their own, did not reduce their trade barriers in the Kennedy Round. This is also true of other countries that have been less important markets

[1] Commodities covered in this article are raw cotton of all types, raw cotton linters, and raw cotton wastes.

for the United States. For example, Australia, whose cotton crop is rapidly expanding, continued the barriers that control the import competition faced by its growers. Moreover, the Kennedy Round did not affect the tariff disadvantage faced by the United States in countries of the Latin American Free Trade Association (LAFTA),[2] whose imports from intra-bloc countries have expanded while imports from the United States have diminished.

From six countries—Finland, Israel, Trinidad-Tobago, Switzerland, the United Kingdom, and Yugoslavia—the United States received concessions on various types of raw cotton, of which their total imports amounted to $29.6 million.

Duty reductions on raw cotton totaled $23.3 million. Yugoslavia, with imports of $13.2 million worth of U.S. raw cotton in 1964, eliminated its 3-percent duty. Switzerland halved its nominal raw cotton tariff (on $10.1 million in imports); but this will not affect trade levels, since the preconcession rate was only two one-hundredths of a cent per pound. The United Kingdom cut by 50 percent its 10-percent duty on raw cotton that had been bleached or dyed—of which its imports had been very small.

Finland (on imports of $2 million), Israel (on $4.2 million), and Trinidad-Tobago (on $95,000) bound existing free rates. Under the rules of trade negotiations on tariffs a "binding" is a commitment by a government not to increase tariff protection on an item. Should the country wish to raise or establish a tariff on a bound item, it must negotiate and make certain compensatory adjustments of interest to the major supplying country. The binding of a free rate may have significance in the future if a cotton-producing country expands its own production and responds to pressures to protect the local industry. Under such circumstances, it might be deterred from establishing a duty, since it would be required to make compensation for this action.

Cotton linters. Tariff concessions on cotton linters were received from six countries, whose imports of that item from the United States were valued at about $740,000 in 1964—less than 10 percent of total U.S. cotton linters exports in that year. Austria, Finland, Japan, and Sweden bound already existing free rates. Small tariff reductions by Switzerland and the United Kingdom will have little or no effect on trade.

Cotton waste. The concessions received on cotton waste fall into the same pattern as those for the other two items. Austria and Japan bound an already existing free rate; but their 1964 imports of U.S. cotton waste totaled only about $50,000.

U.S. cotton import trade not involved

The United States granted no concessions on any of these items, for which 1964 import trade totaled $32 million ($25 million with GATT countries). U.S. farm programs that couple support prices with acreage restrictions have necessitated protection against unrestricted imports of most types of raw cotton and some types of waste. As a result there are import quotas on cotton of all types (other than rough or harsh under ¾" in staple length) and on cotton waste. The Kennedy Round did not affect these quotas.

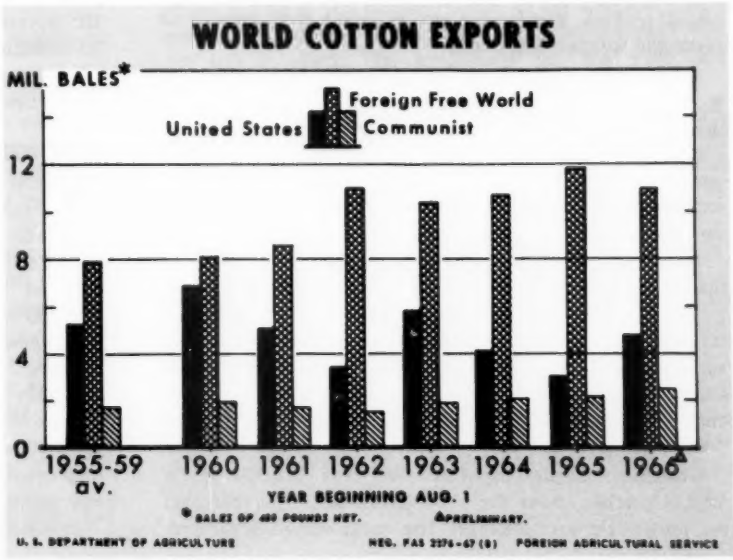
Tariffs are maintained by the United States on certain types of raw cotton and waste, while other types—cotton with a staple length of under 1⅛ inches, all types of cotton linters, and cotton waste, "not advanced" (i.e., obtained from early stages of mill processing)—are free of duty.

The tariffs are not a trade deterrent, since the major factor limiting the volume of trade is the existence of the quotas established under the provisions of Section 22 of the Agricultural Adjustment Act of 1933. The quota for Upland type cotton is about 30,000 bales, and that for long staple and extra long staple is about 95,000.

The United States does not produce a short and rough or harsh type of cotton grown mainly in India and elsewhere in Asia; it imports relatively small quantities for specified uses such as for the manufacture of felt and for wadding. The U.S. duty-free treatment of this type of cotton was already bound in GATT.

[2] The 11 LAFTA countries are Argentina, Bolivia, Brazil, Chile, Colombia, Ecuador, Mexico, Paraguay, Peru, Uruguay, and Venezuela.

The chart at right shows the recent trend in world cotton trade (including 1964, the base year for Kennedy Round negotiations). Because a large part of this trade was already free of duty, raw cotton had only a minor role in the Kennedy Round; the United States granted no concessions itself, and it received concessions on some $30 million of its total $700-million trade in raw cotton and products.



U.S. Agricultural Attaché Richard A. Smith *reports from Bogotá on the general state of Colombia's agricultural production and trade. In the article on page 8, he takes a close-up look at production of bananas, the country's No. 2 agricultural export.*

Crop Output Good in Colombia, but Farm Trade Falls

All indications point to a relatively good year for Colombian agricultural production in 1967, primarily because of larger planted acreages and a substantial increase in credit available to farmers. However, the values of both exports and imports of agricultural products are expected to be below their 1966 levels, exports because of lower coffee prices and imports as a result of the strict import and foreign exchange controls the government reinstated in late 1966.

The value of total agricultural output in crop year 1967 —at constant 1958 prices—was about 2.9 percent above that of 1966 and 5 percent higher than the previous 5-year average. With a preliminary increase of 3.8 percent over the 1966 level, crop production accounted for most of the total upturn. Larger outputs of sugar, cotton, corn, barley, sorghum, cottonseed, soybeans, African palm, and starchy vegetables more than offset declines in the coffee, wheat, and rice harvests. The value of livestock-product output rose only 1.6 percent from that of 1966, reflecting a cattle herd-building cycle that began 2 years ago and is expected to continue next year.

More acreage planted

Total area planted to crops was up 5.8 percent over that of 1966, with most of the new land located in the Llanos and the upper Magdalena Valley. Crop production in the Llanos has been expanding continually in the past 5 years, mainly because of improved infrastructure and this area's proximity to the important Bogotá market. In the upper Magdalena Valley, the National Institute of Agrarian Reform's (INCORA) development of land suitable for crops has been chiefly responsible for the expanded production. Another contributing factor to higher output was the 46-percent increase in crop production credit available from official sources. Yields were also generally good because of favorable weather conditions.

Looking to 1968, the value of agricultural production is expected to rise another 4 percent—at constant 1958 prices—assuming that crop acreage continues to expand, yields remain about the same as in 1967, and good weather conditions prevail. The increase in livestock slaughter is expected to be relatively small as ranchers go on building up cattle herds.

Production of *coffee*, Colombia's major crop, declined about 2 percent in 1967, mainly because of the alternating production cycle characteristic of this crop. Since the country produces more coffee than it requires for domestic consumption and its export quota under the International Coffee Agreement (ICA), stocks are continuing to increase. Production in 1968 is expected to be at about the 1967 level.

Centrifugal *sugar* output in 1967 was 522,000 metric tons, 4 percent above the 1966 level and 22 percent over the previous 5-year average. The rapid rise in sugar production is a result of favorable world prices back in 1962-63, which stimulated increased plantings of sugarcane. Between 1961 and 1966, the area planted to this crop rose 118 percent, and the total sugarcane milling capacity almost doubled. Despite low world prices, production is expected to reach 600,000 tons in 1968 and continue at a high level.

Cotton production made a strong recovery in 1967, reaching 88,000 metric tons against 65,000 in 1966. Next year, it is expected to rise another 19 percent to a record 104,000 metric tons. Chiefly responsible for the rapid rise in production are an increase in the area planted and a marked improvement in yields, both of which can be traced to favorable support prices, increased availability of credit from the government, more technical assistance to cotton farmers, and the export tax incentives adopted recently by the government. Domestic consumption of cotton is also expanding, reaching 66,000 tons in 1967, and is expected to total 72,000 tons next year because of good export and local demand for Colombian textiles. The government recently approved the importation of machinery to increase milling capacity, currently slated for a 10-percent expansion.

Total grain production rose in 1967 despite declines in the wheat and rice harvests. The *corn* crop was up 13 percent to 900,000 tons as favorable prices at the beginning of the planting season, additional credit, and technical assistance to farmers encouraged greater plantings. Next year, production could reach the million-ton mark. Output of *barley* rose 21 percent to 115,000 metric tons because of a 16-percent rise in acreage and good yields as a result of increased use of better varieties. However, next year's crop is expected to fall slightly since brewers have not raised the barley support price in over a year. Credit from the private sector is currently tight, which limits the amount of financing the brewers can give barley producers. *Sorghum* output rose from 85,000 to 90,000 tons and may be larger next year.

Wheat crop down sharply

Official estimates place the 1967 *wheat* crop at 90,000 metric tons, down 28 percent from the 1966 level despite favorable weather and good yields. Because of competition for land from barley, dairying, and potatoes, wheat acreage dropped 32 percent. A larger crop—forecast at about 100,000 tons—is expected next year since the government has channeled official credit to wheat producers for larger plantings, probably at the expense of barley. Production of paddy *rice* was down slightly as a result of yield decreases in the nonirrigated areas. Forecasts are for a 1968 production of 730,000 tons, based on a predicted increase in planted area because of a favorable outlook for prices and additional credit to growers.

Production of edible fats and oils continued its upward

trend, reaching a record 76,000 metric tons, primarily because of increased output of cottonseed, soybeans, and African palm. *Cottonseed* production rose to 150,000 tons and is expected to total 176,000 tons next year. *Soybean* production rose 50 percent to 90,000 tons as favorable prices and strong demand encouraged farmers in the Cauca Valley to expand acreage. Favorable credit terms and technical assistance are being provided by vegetable oil refineries, and next year's output is expected to rise to 95,000 tons. Production of *African palm* is relatively new to Colombia, but output of kernels has already reached 61,000 tons—205 percent above last year's. Production in 1968 is expected to increase another 64 percent. *Sesame* production is estimated at 50,000 tons, about the same as 1966. A drop in acreage planted was offset by greater yields. For next year, output is expected to fall about 20 percent as acreage planted is decreased. Many farmers are giving up sesame production because of the problems involved, and cotton is displacing it in many areas.

Data on production of starchy vegetables—plantains, yucca, and potatoes—are scanty, but it is generally believed that plantain and yucca production are increasing at about the same rate as population—3 percent—and that potato production was up 5 percent in 1967. Output of the three crops is placed at 1,250,000, 850,000, and 800,000 tons respectively.

Meat gains only slightly

Output of meat in 1967 totaled 424,000 metric tons, an increase of only 1.5 percent from the 1966 level and actually 2 percent below the average of the previous 5 years. Principally, this relative stagnation in meat production has resulted from a leveling off of cattle slaughter as farmers hold them from market in order to build up herds. *Beef* production was 371,000 tons, up only slightly from the 1966 level. Herd buildup is expected to continue through 1968, and slaughter is forecast to increase only 2 percent next year. The longer range outlook for Colombia's cattle industry is favorable, with large amounts of credit being made available to producers by the World Bank and the U.S. Agency for International Development.

Production of *pork*, at 51,000 tons, was up about 1.2 percent, most likely because farmers are selling their herds. High cost of feed, coupled with many disease and marketing problems, is discouraging expansion of hog production, and pork output is expected to increase only slightly to 52,000 tons next year.

Exports of agricultural products, at over 75 percent of exports, are Colombia's principal foreign exchange earner. Of total exports forecast at $500 million in 1967, farm products are expected to account for about $360 million—somewhat less than last year because of lower coffee prices. In 1966, coffee, bananas, cotton, and sugar accounted for about 94 percent of agricultural exports.

Coffee exports this year are estimated at $306 million, down 7 percent from the 1966 level not only because of lower prices but also as a result of a lower export quota under the ICA. Even with the decline, coffee still makes up about two-thirds of total foreign exchange earnings. About 52 percent of Colombia's exported coffee goes to the United States.

Bananas are Colombia's No. 2 agricultural export. (For a report on production and trade, see page 8.)

Colombia has resumed large cotton exports now that domestic supplies of this commodity are increasing. For 1967, the export value is placed at $11 million and is expected to rise to $18 million in 1968, when a bumper crop is predicted. Principal markets are the United Kingdom, West Germany, and the Netherlands.

Exports of sugar for crop year 1967 are placed at 126,200 metric tons, up 9 percent from the 1966 level and 100 percent from the previous 5-year average. Almost 49,000 came to the United States under quota. With the continued expansion of sugar production, exports are expected to rise further in 1968.

Imports climb in 1966

Complete data on agricultural imports are available only through 1966, when they shot up to a record breaking $80.5 million, 33 percent above the 1965 value. The peak level resulted from import liberalization early in the year to make the local market less dependent on government controls. This move put many important imports—including wheat, vegetable and fish oils, tallow, wool, and tobacco—on the free list and also instituted a gradual reduction of prior deposits.

Imports from the United States totaled $35.8 million, up 10 percent from the 1965 level chiefly because of larger taking of wheat, barley, and soybean oil, which accounted for over 80 percent of all U.S. farm exports to Colombia that year. Despite this upturn, the U.S. share of the market dropped from 53.9 percent to 44.5 percent as imports from LAFTA and other countries moved upward. Wool, cocoa, tallow, and fish oil accounted for most of the purchases from LAFTA countries. Two of these, fish oil and tallow, compete with U.S. soybean oil and tallow and enter the country under special concessions, putting the products from the United States at a substantial disadvantage.

Imports of P.L. 480 commodities dropped to only $1.9 million, compared with $3.5 million in 1965 and an average of $4.7 million in the previous 5 years. Because of these low concessional shipments, commercial sales accounted for 86 percent of total U.S. farm exports to Colombia, compared with 66 percent in 1965.

Import restrictions take effect

Based on incomplete data, the forecast for 1967 imports shows a drop to $60 million because of the stringent import restrictions imposed in late 1966. These, for the most part, are still in effect. The government has also been very restrictive about approving import licenses.

The U.S. share of farm imports is expected to be down, likewise, as products previously purchased from the United States are increasingly produced domestically or purchased from LAFTA. Wheat, soybean oil, and barley will be affected most.

The government is expected to continue its import restriction into 1968, so that agricultural imports are likely to total no more than the 1967 level. For the United States, prospects for farm exports to Colombia continue to dim. At best, the United States could maintain its 1967 level of sales. Colombia recently authorized wheat imports from Spain, which will cut into the United States top item. In addition, domestic soybean oil and LAFTA fish oil will give U.S. soybean oil increasing competition, and preferences on Argentine and Uruguayan tallow will hurt the U.S. product.

BANANAS IN COLOMBIA

A new producing area preserves an important export industry

Left, helicopter sprays banana plantations with dithane to control sigatoka. Above, stems wrapped in plastic are moved to farmer's boxing plant on a cable that extends throughout his plantation.

During the past 5 years, a new banana-producing zone carved out of Colombia's northern jungles has become the principal source for the country's No. 2 agricultural export. From its 37,000 acres of plants—free of the Panama disease that has ravaged much of South America's banana production in the past few years—about 14 million 40-pound boxes of bananas are moving to Western Europe this year. These exports are not only earning Colombia an estimated $20-22 million in foreign exchange this year and providing 10,000 jobs for its workers, but also maintaining its No. 6 spot among the world's banana exporters.

In Colombia's traditional banana area—around Santa Marta on the northern coast—Panama disease coupled with other production problems is reported to have increased production costs to the point where export fruit can no longer be produced competitively. The new banana zone, extending from the port town or Turbo on the Gulf of Urabá south about 30 miles, is now responsible for around 90 percent of Colombia's total banana exports.

Studies on the feasibility of large-scale commercial production of bananas for export in the Urabá area were carried out by an international banana marketing company 6 years ago. On the basis of the favorable outlook the studies showed, the first land was cleared in late 1962.

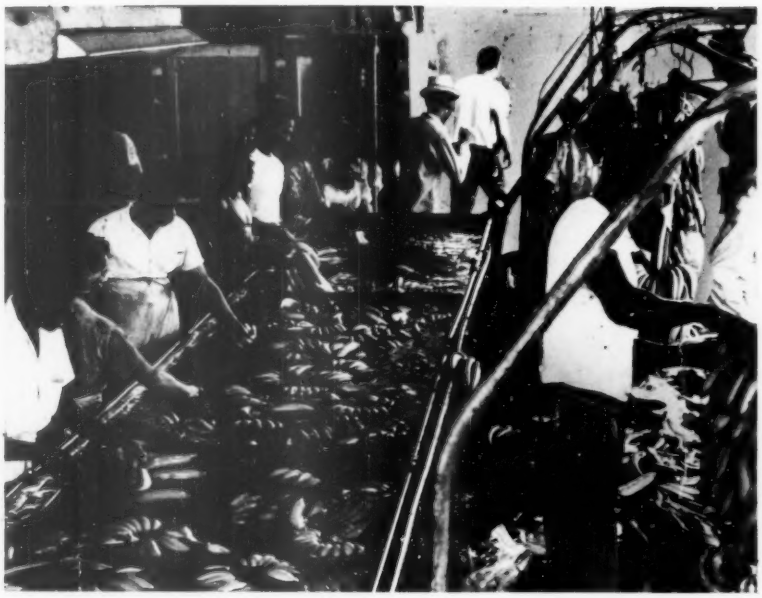
The company owns only the areas needed for employee housing, roads, receiving stations, and canals for shipping the bananas to port. About 260 private farms produce and box all the bananas, the company acting chiefly as a marketing agent and providing technical assistance.

Two main incentives were used to stimulate the planting of bananas in Urabá: credit on favorable terms and minimum guaranteed prices to the producers. The First National Bank of Boston loaned $10 million to the Corporación Financiera de Bogotá, a Colombian lending institution, which in turn made 5-year loans to the farmers, guaranteed by the company.

To qualify for a loan, a farmer had to have a good credit rating, clear title to his land, and an investment of $150 per hectare (about $60 per acre) in drainage ditches and other improvements. He was then eligible for a loan of up to $880 per hectare (almost $350 per acre), of which over two-thirds was to be spent for farm improvements, about one-tenth for housing, and about one-fifth for building a boxing plant.

When his loan was granted, each farmer signed a 5-year contract with the company for the sale of all his export-quality production at a minimum guaranteed price, plus a premium for top quality. Only 75 percent of the fruit now being exported rates as top quality, but it is hoped that by next year the percentage will be closer to 90.

Plantings in the Urabá area are all of the Gros Michel variety. The absence of Panama disease makes the use of the resistant Cavendish varieties unnecessary. Also, though its yields per acre are lower than those of Cavendish, Gros Michel requires less management and is less susceptible to bruising—valuable traits where most producers are still relatively new in the banana business. Planting material for Gros Michel was already available in Urabá, owing to a German firm's attempt to establish banana production there in the 1940's. The necessity of importing this material



Left, bananas are being graded for boxing; more stems are arriving on the cable. Below, receiving station seen from canal. Barges will transport boxed bananas to port of Turbo.

would have substantially increased the likelihood of introducing new diseases.

At present, the only important disease found in the Urabá banana plantations is sigatoka. To control it, a dithane and oil mixture is sprayed by helicopter. The company provides the spraying service to the producers, receiving payment when the final liquidation is made on the fruit sales—as it does also for barging, loading, and transporting the fruit to overseas markets.

Basic to this new industry has been the development of transportation and marketing facilities, such as roads, canals, receiving stations for the fruit, and loading equipment. The company built the receiving stations and the trunk roads to link them with the farms and with the main national road from Turbo to Medellín. It also built three canals to connect the receiving stations with the León River, which empties into the Gulf of Urabá. Roads through the individual farms were built cooperatively by the producers and are maintained by them.

Each farmer is responsible for harvesting, grading, and boxing his bananas and for trucking them to the receiving station. Fiberboard boxes, bought locally, are provided free but subject to reimbursement for loss or damage. About 70 percent of the paper used in these boxes is imported from the United States under the "Plan Vallejo," which provides for the duty-free import of raw materials to be used in manufacturing finished goods for export.

Upon arrival of the boxed fruit at the receiving station, company graders inspect about 10 percent of each shipment, to assure that it meets the minimum quality prescribed in the contract. Then the boxes are loaded into large barges (capacity, 35,000 boxes) and pulled by tugboat via canal and river to chartered ships waiting at Turbo. There, because for several miles out the gulf is too shallow for the economic construction of piers, conveyors and gantry cranes are used for the transfer from barge to ship.

At receiving station, bargemen are ready to load boxed bananas coming in by truck.

Colombia Finances Housing Developments for Rural People

Inaugurated this summer near Chinácota in northeast Colombia was the latest in a series of rural housing projects being financed by the Colombian Government's Agricultural Credit Bank (Caja de Crédito Agrario). These projects are part of a long-term effort to improve living conditions in rural areas and thus remove part of the incentive for migration to the cities.

Government estimates show that during the past 10 years Colombia's urban population has grown about 8 percent per year, mostly through the great influx of people from the countryside. This growth is seriously overtaxing urban facilities. The shift of population from farm to city is due mainly to the rapidly rising rural birth rate, which has been outpacing the resources of farming areas.

The Colombian Government believes that many rural people migrate to the cities because they think—erroneously—that job opportunities and living conditions are better there. From the radio or the newspaper, they have learned that many urban workers with incomes like theirs have advantages they do not have—such as running water, electricity, sewerage service, and medical help and recreation nearby. However, once they reach the cities, they find that their skills are not those that are needed, and that life in the slums can be worse than life in the country.

The Caja Agraria makes two types of housing loans to farmers: For building, repairing, or improving houses on isolated farms throughout the country and for building houses in rural "cluster" projects located near small urban settlements. Because the isolated houses generally lack the elementary urban-type services the *campesino* wants, and also because these scattered loans are more difficult to administer and control, the Caja prefers the cluster projects, which can use the water, sewerage, and electrical facilities of the towns near which they are built. Since 1963, it has concentrated largely on this type of loan.

Prices for the cluster houses are surprisingly low. An eligible farmer, generally one who owns or works on a small farm in the vicinity, has to pay only 15,000-20,000 pesos ($920-$1,227), for a house with three bedrooms, porch, living-dining room, kitchen, and bath—all electrical and sanitary facilities included. According to Caja officials, this represents the actual cost of construction; no subsidy is involved. The Caja controls the price through low operating costs, bulk purchases of materials, and special arrangements with private contractors.

Clockwise from top left: a town begins—electricity, sidewalks, neighbors; farmer stands beside flag to examine his deed; Caja officials talk to farmer (in hat).

Borrowers usually have between 12 and 15 years, at 7 percent interest, to repay the loans—standard Caja terms for this type of credit. Such terms keep amortization burdens at a minimum for the borrower.

Since 1963, Caja credit has facilitated the construction of some 1,500 dwellings a year, with an average yearly investment of 40 million pesos ($2.45 million).

—RICHARD A. SMITH, *Agricultural Attaché*
and RICHARD OGDEN, *Second Secretary, Economic Section, American Embassy, Bogotá*

A New Look at the World Food and Population Problems

Martin E. Abel, *Deputy Assistant Secretary for International Affairs, USDA, spoke on the food situation at the Annual Agricultural Outlook Conference, November 13, 1967, in Washington, D. C. Following are excerpts from his speech.*

Probably the most important issue facing man today, aside from world peace, is the ability to adequately feed himself. In a period of a few years the "race" between food supplies and population has again become a much researched and discussed topic. Responsible people from all walks of life have energetically become involved in the world food problem.

The vast majority of these people think that the world food and population problems can be solved; that they can be solved in a way that not merely avoids mass famine, but contributes to economic development and improved well-being of billions of people.

Explosive population growth

It is not recognized by many people that total food production in the less developed countries has been increasing almost as rapidly as in the developed countries. During the past 10 years total food production increased by 27 percent in the developed countries. Less developed countries increased total food production by 24 percent. Because of difference in population growth between the two groups of countries, per capita food production in the developed countries increased by 13 percent during the past 10 years, but remained about constant in the less developed countries.

It is not enough for the less developed countries to do as well as the developed countries; they must do better.

The War on Hunger must be fought on both the food production and population fronts. Marked reductions in the rate of population growth in the less developed countries will greatly increase the returns to investments in food production and total economic development.

A recent economic study of population control efforts in less developed countries by Stephen Enke concludes:

"(1) If economic resources of given value were devoted to retarding population growth, rather than accelerating production growth, the former resources could be 100 or so times more effective in raising per capita incomes in many LDC's [Less developed countries]. (2) An adequate birth-control program in these countries might cost as little as 10 cents per capita yearly, equivalent to about 1 percent of the cost of current development programs. (3) The possible use of bonuses to encourage family planning, whether paid in cash or kind, is obvious in countries where the 'worth' of permanently preventing a birth is roughly twice the income per head."

But current efforts to control the population growth rate do not reduce the rate of growth in the total demand for food for several years. Thus, immediate attention must be given to increasing food production under conditions of rapid rates of growth in population.

Some progress already evident

There have been several developments that give strong promise for man's victory over hunger.

Scientists are generating the technologies required to slow the rate of population growth and bring about more rapid agricultural development in the less developed countries. Progress has been made in the development of effective, inexpensive, and acceptable methods of population control. Discussion of the need for it is widespread in the less developed countries, and progress has been rapid in some, such as Taiwan and South Korea.

Also, developments on the food production front have been encouraging. Such things as incentives, fertilizer, Mexican wheat varieties, and rice varieties developed at the International Rice Research Institute in the Philippines have, within the last few years, become common topics for discussion by both farm and nonfarm people in a growing number of less developed countries. Their impact on food production is becoming increasingly convincing.

An increasing number of less developed countries are demonstrating the political will required to achieve acclerated agricultural development. More realistic policies and programs are being formulated and implemented. A larger allocation of resources is being made to agricultural development. Attention is being paid to the development and use of new technologies, the supply of inputs, and production incentives to farmers.

The less developed countries can do a better job and some are showing signs of doing a better job to increase the rate of growth of agricultural production. But for some time many less developed countries will require food assistance. And, the level of food import requirements will increase significantly before it declines.

A look at the grain situation

A recent study by the Economic Research Service, U.S. Department of Agriculture, entitled *The World Food Situation: Prospects for World Grain Production, Consumption, and Trade* takes a look ahead to 1980 at the world grain situation. The report deals only with grains. But most of man's food comes directly or indirectly from grains, so that trends in grain production and consumption are a good indicator of trends in the total food situation.

This report examines the grain situation in both developed and less developed countries. Projections of future production assume that world market prices of grains remain at the average levels of the past 3 years and that excess production over consumption at these prices would be withheld from markets in the form of either idled production capacity or increased grain stocks.

A single set of projections is made for the developed countries reflecting the most likely rates of growth.

Four alternative rates of growth in grain production were used for the less developed countries ranging in magnitude from a continuation of historical trends to a situation of such rapid improvement that output would reach an annual growth rate of 4 percent by 1975.

What does the *World Food Situation* report indicate?

First, it confirms the results of other studies that indicate that future grain import requirements of the less developed countries are likely to increase considerably. In the 1959-61 period, the grain importing less developed countries imported 20.7 million metric tons of grain

annually. In 1964-65 the same countries imported 29.0 million metric tons. By 1970 their grain import requirements are estimated to be 30.7 million metric tons. By 1980 these countries would, even with likely improvements in their rates of growth in grain production, require grain imports in the neighborhood of 52-54 million metric tons. This projected level is nearly double that of 1964-65. A part of these imports would be on commercial terms, but much of the growth would have to be on concessional terms.

Second, the report indicates that there will continue to be relatively rapid growth in grain production in the developed countries and in the less developed grain exporting countries such as Argentina, Mexico, Burma, Thailand, and Cambodia:

- Grain production in the less developed grain exporting countries is projected to grow sufficiently fast as to enable them to increase their exports from an annual level of 15 million metric tons in 1964-65 to just over 20 million in 1980.
- Eastern Europe and the USSR are expected to be nearly self-sufficient in grains by 1980, compared with a net import level of 7.5 million metric tons in 1964-65. And the increase is likely to be sufficient to support a rather rapid expansion in livestock production.
- The developed free world countries other than the grain exporters will likely increase their grain imports from 37 million metric tons in 1964-65 to about 73 million in 1980—a near doubling of imports in 15 years.
- The developed grain exporting countries could easily increase grain exports from the 1964-65 level of 65 million metric tons to 152 million. This projected increase is based in part on an expansion of harvested grain acreage in the United States from the 1964 level of 158 million acres to a 1980 level of 186 million acres, which is about the same level that was in production in the late 1950's.

All these numbers add up to a likely surplus capacity in world grain production—with world prices at about the average of the last 3 years—of about 30 to 40 million metric tons annually in 1980.

One implication of the analyses is that the world food problem is basically one of disparity of food production and food availability between the developed and developing nations. It is inseparable from the problem of the development gap between rich and poor nations. The less developed countries of the world will have to achieve a better rate of growth in food production. They need to do this in order to avoid a growing dependence upon external food supplies and all the problems of distribution, both between developed and less developed countries and within the less developed countries, that growing grain import requirements imply. They need to do this in order to provide significantly better diets for their people. Most of all, they need to do this in order to achieve a much better rate of total economic development.

Another implication is that the rate at which grain production capacity in the developed countries increases will be largely independent of the rate at which production grows in the less developed countries. The rate of improvement in agricultural production in Eastern Europe, the USSR, and free world developed importing countries—particularly the countries of Western Europe which have highly protective agricultural policies—probably will not be influenced very much by what happens to food production in the developing world. Also, the probable growth in agricultural production potential in the developed grain exporting countries will continue to be affected little by the rate of growth in food production in the developing countries. Continued increase in the capacity of developed countries to produce food is an important element in the total world food picture.

The future rates of agricultural development in both the less developed and the developed countries and the projected surplus grain production capacity have very important implications for the pattern and level of world trade in grains. A balance of some sort will be achieved in world grain production, consumption, and trade. But there are many ways in which this balance could be achieved.

One way is by stimulating commercial trade in grains through the elimination or neutralization of trade barriers. This could insure a slower rate of growth in grain production and a higher rate of growth in grain imports by the developed importing countries that now have highly protective agricultural policies.

Another way would involve controls on the rate of growth in production to achieve the desired balance between quantities and prices.

If a balance were to be sought by decreasing output and increasing consumption by means of lower grain prices, the major impact of lower prices would fall on the grain exporters, both developed and developing. The major grain importing countries would not likely share in the price adjustment because their protective trade policies would insulate domestic prices from declines in world prices. The aggregate demand for grain imports and the supply response are probably quite price inelastic. Thus, policies to maintain somewhat lower prices could still result in surpluses of a magnitude which, on world markets, would further seriously depress world grain prices.

Undoubtedly some combination of the above approaches will be considered, so each is at best only a partial solution.

The International Grains Arrangement represents a first step towards a multilateral approach to developing an equitable solution to the trade problems posed by the surplus production capacity in the developed countries.

Reports' implications for U.S.

There are several implications of the *World Food Situation* report for the United States:

- The United States will be able to substantially increase its grain exports, maintain or increase its share of world grain trade, but still require some control on grain production. It is estimated that by 1980 about 165 million harvested acres of grain would be required in the United States. This is about the same level that was harvested in 1967. The U.S. grain production required to supply all likely outlets will require fewer production resources, particularly land, than will be available for future use.
- The analysis also suggests that maintaining stable world grain prices will continue to be a problem. Increased production in the developed importing and exporting countries, other than the United States, adds to the world grain surplus. A resulting downward pressure on prices might be avoided by arrangements among nations for sharing the task of restraining supply and supplying the concessional markets.

Mexico's Cattle Industry Faces an Uncertain Future

By LAWRENCE R. FOUCHS
Assistant U.S. Agricultural Attaché, Mexico City

Production of beef cattle in Mexico has reached a crossroad, with all signs pointing to shortages in future years unless strong action is taken to encourage output. While the Mexican Government has responded to the problem with several livestock development programs, it has not eliminated all the sources of concern. Among these are the low prices at home for higher quality beef and the uncertainty among large producers over how much land they must give up under the Agrarian Reform program.

This need to revitalize Mexico's beef industry comes, moreover, at a time of skyrocketing demand from the domestic consumer. Thus, unless beef production can be expanded, the government may soon face the task of restructuring its cattle export industry to meet domestic needs. In terms of time and problems involved—not to mention the loss of important foreign exchange earnings—this would be an unpleasant task indeed.

Study reveals possible shortage

Pointing up the bleak future for Mexican beef is a supply and demand study by the Bank of Mexico under a contractual arrangement with the Economic Research Service, USDA. According to this study, beef production will probably gain only 3 percent over the next decade while consumer requirements rise 5 percent—making the livestock shortage one of Mexico's most critical agricultural problems. The study shows that when domestic needs, plus export possibilities are considered, Mexico by 1975 could have a beef deficit of 146,000 tons (carcass weight)—the equivalent of 1,241,000 head of cattle. To fill this gap, the country would have two alternatives.

The first would be to eliminate entirely its beef and feeder cattle exports and revamp the cattle industry in the north—which now shops mainly to the United States—so that it could supply the local market. This would mean loss of a lucrative export trade with the United States, which during 1962-66 averaged 565,652 head of cattle on the hoof and 59.4 million pounds of beef and veal.

It would also mean many other problems. Fattening of cattle in this northern region is almost impossible because of the arid climate and the lack of sufficient pastureland. While the cattle can be inexpensively transported over the border for fattening in the United States, they cannot be easily shipped to other pasture regions within Mexico. And even if they could be moved, the cattle would adapt poorly to the new regions because of their low resistance to tropical pests and diseases. Retaining the cattle in the north for feedlot fattening, on the other hand, would be prohibited by the high cost of feed and the low returns to ranchers.

The second alternative, according to the study, would be to continue selling feeder cattle to the United States, while importing frozen meat carcasses or fattened cattle to meet domestic needs.

In either case, the report says, beef imports will be necessary by 1975 unless the country can come up with a good livestock development program.

To forestall these developments, the President of Mexico issued a decree in August 1966 creating a National Livestock Council. Its purpose: To advise the government on livestock developments, to put more meat in the Mexican diet, and to provide meat and hides for industry and export. One of the first actions of the Council was to make plans to take a livestock census. Thus, during the first part of 1968, an experimental census will be made, with the results used to determine methods for taking a national livestock census.

In the same decree, the President created a National Meat Institute; a Livestock Credit and Insurance Bureau; an Information, Publication, and Statistics Bureau; and the National Livestock Program's Evaluation and Supervision Bureau.

In addition, the Mexican Minister of Agriculture has warned cattlemen that population increases and the rising purchasing power will put new pressures on them to produce more, while Agrarian Law will tend to reduce their land holdings. As a result, the cattlemen are torn between acting to improve their operations or waiting to find out just what is going to happen to their land—an uncertainty that has been with them for three decades now.

It started in the mid-1930's when certificates of in-"effectability" were given to cattlemen whose holdings were larger than permitted by the Agrarian Law. These certificates gave ranchers a period of 25 years to get rid of land in excess of that permitted. Today, the law states that a livestock producer may retain enough land to support 500 head of cattle or its equivalent in other livestock, but it doesn't identify the exact acreage. Thus far, the cattlemen feel that they have not had ample assurance by agrarian officials that their holdings will not be reduced further after improvements have been made. When this matter is resolved—and the amount of land needed to support one head of cattle is determined—the cattlemen will be more willing to improve their herds and land and to accept the conditions called for in the Agrarian Law.

Prices limit production

But more is behind the ranchers' wait-and-see attitude than the reform program. Prices, for instance, are not conducive to expansion.

Under the present system of ceiling prices set by the Mexican Secretariat of Industry and Commerce, the rancher receives only about 25 percent of the consumer price for beef and usually gets the same for low quality beef as for high quality. A rare exception to this practice took place in Mexico City recently, when premium prices were allowed for high-quality, grass-fed Angus and Hereford beef coming to Mexico City supermarkets. This, however, is only a small portion of beef compared with Mexico City's total consumption.

Back on the farm, the government's policy is reflected in a diversion of grazing lands to other crops and when new lands are opened up, the planting of crops instead of pastures. This is especially true in the natural grasslands in the north, northern Pacific, and part of the central zone of Mexico. These lands, which are largely semiarid, account for 42 percent of the national meat production compared

(Continued on page 20)

2,500 German Stores Campaign for U.S. Foods

American flags, Indians, posters, and pennants hailed the qualities of American foods for 2 weeks in November in 2,500 German retail food stores. The in-store promotion was the fifth in Germany this year.

Kolonial-Import, the central importing agent cooperating with FAS in the campaign, bought a reported $250,000 of U.S. foods through September for the promotion. Total purchases are expected to be over $500,000. Kolonial distributed the foods and FAS supplied point-of-sale material to 8 wholesalers servicing the retail outlets. Germany's huge VIVO chain was one which participated.

U.S. soybean oil was featured in the promotion. American long grain rice also received special attention, clearly identified as such on the front and top of brand-name packages in all VIVO stores.

Other popular items included peaches, pineapple, peanuts, chilled orange juice, and poultry.

Carrying out American Indian theme, top, German in costume chats with VIVO clerks; above, flags and posters in window display; right, parade on opening day in Lippstadt.

Supermarket Concept Up for Sale in Bangkok

Supermarkets — the food stores American housewives know best— were the center of attention at the U.S. Food Exhibition and Seminar in Bangkok last month, put on by USDA and the Department of Commerce.

A self-service store was set up in the U.S. Trade Center to attract and encourage Thai food retailers to sell the supermarket way—profits based on low mark-up and rapid product turnover. Over 800 Thai food businessmen and government officials attended opening day activities.

Some 600 American food items were on the shelves—though not for sale—to show how attractive, convenient displays help sell products. Checkout counters and freezer showcases also drew inquiries.

Supermarket specialists from the United States conducted three seminars on the entire concept of supermarketing—from location, layout, and merchandising to new food products and sales promotions. Lively question-and-answer periods spoke well for the seminars' impact on the 35-40 businessmen who came to each session.

Above, housewives look over shelf displays of U.S. foods. Left, small group preparing questions for supermarket specialist at seminar.

Below, inside of Trade Center; Below right, hotel maître d' shows how to cook U.S. chicken.

Soybean Trade Mission Predicts Increased Exports to Europe

The seven-man U.S. Soybean Trade Mission has predicted an increase of 50 million bushels in U.S. soybean exports to five European countries during the next 18 to 24 months and an average export increase of 15 to 20 percent per year through 1972.

$450-million market

The group made up of producers, exporters, cooperatives, and USDA personnel explored soybean exports with their counterparts in the United Kingdom, France, the Netherlands, Spain, and West Germany from October 28 to November 11. These five countries together import about 163 million bushels of soybeans and soybean equivalent in meal from the United States valued at $450 million.

The anticipated export increase reflects the team's appraisal of new soybean crushing capacity — either planned or being built—as well as increased meal demand to meet the needs of the expanding livestock and poultry industries in the five countries.

They reported, however, that increased soybean crush may initially slow the export expansion of U.S. soybean meal, but indicated that the need for soybean protein by the livestock economy can be expected to expand.

European buyers emphasized the desirability of a steady source of soybean supplies. The team was able to give them assurance of the continuing availability of U.S. soybeans for export by pointing to the substantial increase in U.S. soybean production during the past several years.

They also noted some problem areas such as the question of whether demand for soybean oil can keep up with increased crush of soybeans in the countries visited. Also newer crushing plants may displace some of the older more inefficient facilities, thus lessening the full impact of the newer facilities on export increases. Contemplated import restrictions to encourage local oilseed crops could also affect U.S. export levels in the future.

The objective of the group was to find out what will be needed to keep U.S. soybean exports expanding into major markets to insure a continued rise in farm income from soybeans.

1967 a Banner Year for Dollar U.S. Wheat Sales to Rapidly Growing Taiwan Market

Taiwan so far this year has made larger cash purchases of U.S. wheat than ever before. To date over 365,500 metric tons have been purchased. This compares to actual imports of 286,000 tons in calendar 1966 and will be close to record 1965 imports of 377,000 tons, which included both cash sales and P.L. 480 contracts.

Wheat usage in Taiwan is expected to increase more than 10 percent this year. Several new bakeries are going up, and others have been remodeled and expanded.

Largely responsible for the sharp upturn in wheat buying was the February liberalization of wheat imports which caused flour prices to decrease about 20 percent in the last 6 months. In addition, restrictions on the building of flour mills have been eliminated. By April 1968 five new mills will have been finished—four of them replacing operating but outmoded plants. Bulk storage for over 50,000 metric tons is also being provided at the mill site.

To keep up the momentum of increasing wheat consumption, Taiwan's Food Bureau will begin a wheat flour training and promotion program among farm families. Purpose of the project is to encourage rice-producing Taiwanese farmers to eat more wheat foods—adding to the nutritional value and variety of their diets.

The program will be carried out by the Taiwan Wheat Products Promotion Council—cooperator with FAS and Wheat Associates, USA, in market development programs for U.S. wheat in Taiwan.

The Council will conduct an intensive, 3-day course for 500 staff members of county Food Bureau offices on the nutritional value of wheat and the preparation of Chinese-type wheat foods. The county agents will in turn incorporate wheat flour training into extension programs for Taiwan's rural families. It is expected that about half the population of Taiwan will be reached by the program.

Sierra Leone Opens First Flour Mill, Buys U.S. Wheat

Sierra Leone's newly completed flour mill in Clinetown, a suburb of Freetown, received 6,400 metric tons of U.S. bread wheat in the early fall. The mill is Sierra Leone's first, completed only about a month prior to the initial delivery. This mill is the first to be built in Africa by an American company, Seaboard West Africa Limited, a subsidiary of Seaboard Allied Milling Company. The mill was built on the site of an unused rice mill at an estimated cost of $1.4 million, including buildings and equipment. At the present time, 60 Sierra Leoneans are employed in the operation.

Latest methods of unloading are employed in the mill. Incoming grain is discharged from vessels by means of pneumatic pumps which empty onto conveyer belts. The belts then move the grain to discharge points above 18 storage tanks, 10 of which are now designated for dry wheat and 8 for clean tempered wheat.

The plant is expected to produce about 2,000 bags (100 pounds each) of flour per 24-hour day when operating at capacity. At first, all the flour will be consumed locally; but as production expands, some of the mill's output will be available for export to neighboring countries. In addition to the flour, wheat bran and other animal foodstuffs will be produced by the milling operation. These byproducts will be available for export as a source of foreign exchange.

—C. Milton Anderson
Assistant U.S. Agricultural Attaché
Monrovia

U.S. Feedgrain Exporters Watch Growth of Japan's Egg Industry

Japan's table egg industry—for the last decade one of the fastest growing users of American feedgrains—has lately leveled off its feedgrain purchases from all sources and lessened its dependence on the United States as virtually sole supplier. A new direction in growth for the egg industry is responsible for the leveling off in requirements, while efforts by Japan to broaden its international feedgrain trade has stiffened competition for the United States.

End-product promotion helps sales of U.S. feedgrains in Japan. Devilled egg display at right is in Tokyo's Isetan Department store.

From expansion to improvement

Since its inception, Japan's egg industry has experienced an easy and automatic growth, supplying an existing demand for eggs which could not be met during and right after World War II. But this growth had apparently run its course by 1962, and any further spurt in per capita consumption of eggs was apt to occur as a result of excessive supplies and distressed prices. This occurred in the last half of 1964 and 1965, when per capita consumption reached peak levels of 4 and 5 medium-sized eggs a week.

With increasing demand no longer the most important factor, Japanese poultrymen have begun concentrating on efficiency and quality. Development has moved away from simple expansion toward improved management, consolidation, commercialization, improved feed, and modern breeding. Widely dispersed, small layer flocks are more and more giving way to larger commercialized flocks, and professional poultrymen are taking over the egg industry.

Consolidation has had its effect on grain production and usage. While the number of layers fed has not increased since the last big jump between 1964 and 1965, both egg and layer feed production have risen. This has occurred because small producers—who are more prone to use table scraps, homegrown feeds, and local strains of chickens—have been replaced by large commercial producers who use formula feed and improved strains of layers. The egg industry has begun using higher energy feeds.

Production of layer feed is the No. 1 business of Japan's local feedgrain producers. But domestic supplies alone do not come close to meeting the egg industry's needs; layer hens and chicks annually consume almost half the feedgrains grown in and imported by Japan. For example, local feedgrain growers supply less than 2 percent of the corn used by Japan's egg industry; and corn constitutes 45-50 percent of feed consumed by layers.

The United States has been and still is Japan's major foreign source for feedgrains, but other suppliers are gradually coming to the foreground. South Africa, Thailand, Mainland China, Mexico, Indonesia, Argentina, Mozambique, Brazil, and several other countries have begun shipping corn, sorghum, and wheat bran. In corn shipments alone, Japan's imports for 1967-68 are forecast at 4.1 million metric tons. Of this total the United States is expected to supply about 1.9 million, or 45 percent, compared to 1966-67 exports of 2.1 million, 56 percent of the total.

End-product promotion

Part of the U.S. effort to maintain a good market for feedgrains in Japan is supporting the promotion of table eggs. U.S. Feed Grains Council and the Foreign Agricultural Service cooperate in placing magazine and newspaper ads and distributing posters, recipe folders, egg cartons, and other promotional point-of-sale material. Also, booths have been set up at several trade fairs and food shows in Japan with cooks demonstrating how to prepare American-style devilled eggs—a new food delicacy in Japan.

—Report by G. ROBERT PETERSON
Far East Director
U.S. Feed Grains Council

Competition and Prices Check U.S. Feedgrain Trade

After reaching a record high of over 29 million tons in the 1965-66 marketing year, exports of U.S. feedgrains to world markets dropped sharply in 1966-67. Total exports fell to about 22 million, but were still the second largest on record.

The drop in exports was due largely to a return to average feedgrain production in Europe and big supplies in Argentina and South Africa. Higher U.S. feedgrain prices in 1966-67 also contributed to the decline. U.S. exports of feedgrains will continue to meet strong competition from larger feedgrain crops in Europe and from large supplies in surplus producing countries during the 1967-68 marketing year. However, total U.S. feedgrain exports may not change much from the 1966-67 level.

With lower corn prices this fall, larger exports of corn are in prospect —probably around 10 to 15 percent above the 488-million-bushel export of 1966-67. Exports of sorghum grain, on the other hand, probably will fall below the heavy exports of the past 2 years when substantial quantities of the grain were shipped to India under P.L. 480.

Exports of barley have been declining in recent years but are expected to be around the 45-million-bushel level of 1966-67. Oat exports also have dropped off during the past 2 years and in 1967-68 may continue about the same as in 1966-67.

—1967 Feed Situation Report
Economic Research Service

Weekly Report on Rotterdam Grain Price

During the period ending November 29, 1967, Canadian wheat offers in Rotterdam increased, while U.S. hard wheat prices were mixed. U.S. soft wheat prices increased, and Argentine wheat was unchanged.

U.S. corn prices increased, while Argentine corn prices were unchanged.

Item	Week ending Nov. 29	Week ending Nov. 23	A year ago
	Dol. per bu.	*Dol. per bu.*	*Dol. per bu.*
Wheat:			
Canadian No. 2 Manitoba	2.08	2.07	2.22
U.S. No. 2 Dark Northern Spring	1.99	2.00	2.04
U.S. No. 2 Hard Winter, 12 percent	1.89	1.89	1.91
Argentine	1.92	1.92	1.89
U.S. No. 2 Soft Red Winter	1.79	1.77	1.91
Corn:			
U.S. No. 3 yellow corn	1.39	1.38	1.61
Argentine plate	1.82	1.82	1.71
So. African white	1.44	(1)	(1)

[1] Not quoted. NOTE: All quotes are c.i.f. Rotterdam and for 30- to 60-day delivery.

Italian Grain Production and Outlook

Italian grain production in 1967 totaled a record 15.0 million metric tons, 5 percent higher than in 1966 and a half million tons above the previous record in 1965.

Italy's wheat crop, currently estimated at 9,550,000 tons, was 2 percent above last year and 3 percent below the 1958 record. Wheat yield was a record 35.4 bushels per acre, up 8 percent from 1966. This high yield was mainly a result of favorable growing conditions, and also the use of improved seed and larger quantities of fertilizers.

Wheat acreage, however, at 9.9 million acres was about 650,000 acres below 1966. Heavy rains last fall reduced the soft wheat acreage by about 825,000 acres, to 6.6 million acres, and soft wheat production amounted to 7.05 million tons, down 9 percent. However, good weather in the south, where durum wheat is grown, along with a 5-percent increase in acreage netted a 2.53-million-ton durum crop, 50 percent above last year.

Italy's 1967 corn crop is estimated at 3.8 million tons, 8 percent over 1966 and 4 percent below the 1964 record. Corn acreage was up 3 percent, and the yield was at a record 59.5 bushels per acre. Barley production, at 285,000 tons, was up 13 percent, and the oats crop, at 563,000, was 18 percent above 1966. Rye production was 82,000 tons, down 1 percent.

The Italian rice crop, at 770,000 tons, was 27 percent above the 1966 harvest. Growers planted the largest acreage in 12 years, and yields per acre were at a high level.

On the basis of current estimates Italy's import requirements for wheat and oats in 1967-68 should be near those of 1966-67, while those of corn and barley should be somewhat lower than last year. In 1966-67 Italy imported 1.0 million tons of wheat, 5.0 million of corn, 1.1 million of barley, and 220,000 of oats.

Italy's acreages of wheat and corn are expected to increase next year, particularly at the expense of sugarbeets, tomatoes and potatoes. These increases would be mainly in response to higher grain prices and climbing costs in producing the labor intensive crops.

West Germany Produces Bumper Hops Crop

West Germany's 1967 hops crop is currently estimated at 46.5 million pounds—up 20 percent from the 38.6-million-pound 1966 crop and 27 percent above the 1961-65 average.

The crop got off to a slow start as growth was retarded by cool weather in June. But warm sunny weather in July and early August pushed growth along, and the harvest began on August 24—the same date as last year. Because of the plentiful sunshine and lower than normal insect and disease incidence, quality was good to very good. The aroma was rich and mild, color was good and even, the brewing value was higher than last year, and the leaf and stem content was lower than in 1966, as growers became more skilled in the use of mechanical pickers.

During the 1966-67 hops marketing season, West Germany imported 13.9 million pounds and exported 12.3 million pounds of hops. This compares with imports and exports of 10.3 million and 13.0 million pounds, respectively, in 1965-66. The United States was again the largest supplier and the leading buyer of hops on the German market. During 1966-67, the United States supplied 37 percent of the imports (38 percent in 1965-66) and took 40 percent of the exports (40 percent in 1965-66).

In addition, Germany exported an estimated 3.1 million pounds of hops and imported approximately 0.1 million in the form of hop extracts.

In 1967-68 exports are expected to increase substantially because of the larger crop. Imports of hops cannot be forecast with any accuracy because a West German Government action, expected in the near future, would permit imports of the hop extracts themselves.

Ontario Flue-Cured Auction Sales

Auction sales of the 1967 flue-cured tobacco crop in Ontario, Canada, opened on November 9. The average price for the first day's sales was 63.7 Canadian cents per pound. Subsequently, prices showed improvement, and for the first 8 sales days (ended November 20) prices averaged 67.4 Canadian cents per pound. This is equivalent to about 62.3 U.S. cents. By November 20, 16 million pounds had been sold. This is about 7.6 percent of the crop, which is currently estimated at 210 million pounds. Last year, for the corresponding period of sales, prices averaged 69.8 Canadian cents (64.6 U.S. cents).

West German Import Tender for Cut Orchids

The West German Government recently published an import tender for fresh, cut orchids.

Applications for licenses can be made until an undisclosed value limit is reached, but not later than December

31, 1968. Country of purchase and country of origin must be the same, and German plant protection regulations must be observed. Licenses will be issued with a validity of 6 months, but not beyond December 31, 1968. First day of importation is January 1, 1968.

Netherlands Canned Fruit and Juice Prices

Selling prices (landed, duty paid) of selected canned fruits and juices in the Netherlands are shown in the following table:

Type and quality	Size of can	Price per dozen units Oct. 1966	July 1967	Oct. 1967	Origin
CANNED FRUIT		U.S. dol.	U.S. dol.	U.S. dol.	
Apricots, halves:					
Choice	15 oz.	2.06	2.06	2.15	Spain
Standard	2½	—	3.85	3.98	Australia
Quality not specified	500 gr.[1]	1.89	1.86	1.86	Spain
Cherries, sweet, not pitted	2½	6.80	6.20	6.30	Italy
Cherries, R.S.P., Quality not specified	5 kg.[2]	—	—	36.96	Yugoslavia
Fruit cocktail:					
Choice, heavy syrup	8 oz.	2.02	2.12	2.59	U.S.
Do	2½	—	—	5.20	S. Africa
Choice, light syrup	10	19.29	20.06	23.37	U.S.
Do	2½	—	—	5.47	Australia
Fruit salad, quality not specified	16 oz.	—	—	3.08	Italy
Do	15 oz.	—	—	3.12	Spain
Peaches, halves:					
Choice, heavy syrup	2½	4.18	4.18	4.74	U.S.
Choice, light syrup	2½	4.08	4.01	4.51	U.S.
Standard	303	2.62	2.59	2.65	U.S.
Quality not specified, heavy syrup	16 oz.	2.49	2.42	2.52	Italy
Pears, halves:					
Quality not specified, heavy syrup	2½	—	4.44	4.57	Australia
Do	2½	5.30	4.91	4.54	Italy
Pineapple:					
Fancy, 8 whole slices	2½	—	—	5.34	U.S.
Choice, heavy syrup:					
8 whole slices	2½	—	—	4.48	U.S.
4 whole slices	1	1.69	1.72	1.81	U.S.
10 whole slices	20 oz.	2.55	2.55	2.59	Malaysia
Whole slices	30 oz.	4.01	4.08	4.11	Taiwan
8 whole slices	2½	—	3.75	3.81	Ivory Coast
Chunks, heavy syrup	2½	3.88	3.88	3.94	U.S.
Pieces, heavy syrup	30 oz.	3.22	3.22	3.08	Taiwan
CANNED JUICE					
Grapefruit, unsweetened	2	2.19	2.19	2.19	Israel
Orange, unsweetened	6 oz.	.90	.94	.94	Greece
Pineapple, unsweetened, fancy	2	1.82	1.82	1.82	U.S.

[1] 500 grams = 17.6 ounces. [2] 5 kg. = 11 pounds.

Spain Reports Large Table Olive Pack

Spain reports that its 1967 table olive pack is the largest in recent years. Production is estimated at 71,000 short tons, almost twice the off-year pack of 36,800 in 1966 and 39 percent above the 1961-65 average.

Prolonged drought and high temperatures late in the season reportedly caused a severe drop of the Manzanilla crop but did not appreciably affect the Queens. Production of exportable varieties totaled 69,000 tons, more than twice the 33,800-ton pack of exportable varieties in 1966. The 1967 pack of exportable varieties is reported as follows: Manzanilla and similar varieties 28,700 tons, Queens 38,600, and miscellaneous varieties 1,700.

Exports of table olives are expected to total 50,400 tons during the 1967-68 season, 47 percent larger than the 1966-67 season exports of 34,300 and 8 percent above the 1961-65 average. November export prices of Seville table olives were mixed, while Queens were above and Manzanillas below November 1966 export prices.

SPAIN'S TABLE OLIVE SUPPLY AND DISTRIBUTION

Item	Exportable varieties[1] Manzanilla & similar	Queens	Other	Non exportable varieties	Total
1966-67 revised	*Short tons*	*Short tons*	*Short tons*	*Short tons*	*Short tons*
Supply:					
Beg. stocks Dec. 1	6,100	2,200	—	—	8,300
Production	24,800	6,800	2,200	3,000	36,800
Total	30,000	9,000	2,200	3,000	45,100
Distribution:					
Exports	24,200	8,200	1,900	—	34,300
Domestic consumption	6,100	800	300	3,000	10,200
Ending stocks Nov. 30	600	—	—	—	600
Total	30,900	9,000	2,200	3,000	45,100
1967-68 estimate					
Supply:					
Beg. stocks Dec. 1	600	—	—	—	600
Production	28,700	38,600	1,700	2,000	71,000
Total	29,300	38,600	1,700	2,000	71,600
Distribution:					
Exports	21,400	27,600	1,400	—	50,400
Domestic Consumption	5,600	3,300	300	2,000	11,200
Ending stocks Nov. 30	2,300	7,700	—	—	10,000
Total	29,300	38,600	1,700	2,000	71,600

[1] Only manzanillas (and similar) and Queens are considered by the Spanish Government suitable for the U.S., Canadian, and Puerto Rican markets. Other exportable varieties are shipped elsewhere.

AVERAGE NOVEMBER EXPORT PRICES FOR SPANISH TABLE OLIVES[1]

Item	1965	1966	1967
	Dol. per short ton	*Dol. per short ton*	*Dol. per short ton*
Manzanillas:			
Whole	577	639	557-619
Stuffed	784	845	825
Queens:			
Whole	557	722	907-928
Stuffed	763	928	1,237

[1] F.o.b. Seville.

Brazil Sets New Castor Oil Export Prices

The Bank of Brazil's Foreign Trade Department published on November 11 the following new minimum export prices for industrial castor oil: Type 1, 19.00 cents per pound; Types 2 and 3, 18.75 cents per pound.

Philippine Exports of Coconut Products

Registered exports of copra from the Philippine Republic during October 1967 totaled 85,050 long tons, compared with 80,450 the previous October. Of the total, 39,600 tons moved to the United States, against 10,150 a year earlier. September registered exports of copra have been revised to total 80,853 long tons (*Foreign Agriculture*, November 6).

Exports of coconut oil dropped to 24,564 long tons from

27,214 last October. Movements to the United States were 23,532, compared with 26,120 tons a year earlier.

Cumulative Philippine exports of copra and coconut oil during January-October 1967 totaled 597,183 long tons (oil-equivalent basis)—20 percent below the 750,449 exported during the same period a year ago.

Desiccated coconut exports for September 1967 totaled 8,369 short tons and for October, 5,913. Cumulative exports through October were 55,602 tons, 3,142 below those of the same period a year ago. Of the total, 41,950 tons were shipped to the United States, compared with 42,276 last year.

The prospects for production and exports in 1968 have been adversely affected by typhoon "Welming," which hit the East Central Philippines early in November. The Philippine Coconut Administration has surveyed the damage and noted heavy loss of trees in Laguna, Quezon, Mindoro, and Marinduque, which will cut production.

According to trade sources, the Philippine Government's Development Bank is now conducting a survey of coconut plantations to determine the extent of the recent typhoon damage. Reportedly the Bank will give priority to loan applications from coconut growers in an attempt to partly offset the expected reduction in 1968 coconut production. Such loans will be used to help growers finance new plantings as well as provide capital for improved cultural practices, e.g., weed control and fertilization.

U.K. Lard Imports Fall 2 Percent Below 1966

Lard imports into the United Kingdom during January-September 1967 were 2 percent below those of a year earlier. The deficit from a year ago has been increasing.

Although total U.K. imports are down, the United States has been capturing a larger share of that market. The U.S. share increased from 36 percent between January and August to 38 percent for January-September, and U.S. lard exports to the United Kingdom continued to increase during September of this year. Altogether, the U.S. share of this market is up substantially from the 27-percent figure for the January-September period in 1966.

Belgium—the second largest supplier—followed with nearly 25 percent of the U.K. market for the first 9 months of this year. This share was similar to that of a year earlier. Romania and Poland have supplied approximately 11 and 7 percent, respectively.

U.K. LARD IMPORTS BY COUNTRY OF ORIGIN, JANUARY-SEPTEMBER 1966-67

Country of origin	1966		1967	
	Quantity	Percent of total	Quantity	Percent of total
	1,000 pounds	*Percent*	*1,000 pounds*	*Percent*
United States	83,911	26.9	116,326	38.0
Belgium	76,668	24.7	74,783	24.5
Romania	27,362	8.8	32,694	10.7
Poland	30,991	10.0	20,927	6.9
Netherlands	16,238	5.2	17,804	5.8
Denmark	21,323	6.9	17,565	5.8
France	14,452	4.7	10,998	3.6
Germany, West	7,810	2.5	7,616	2.5
Sweden	4,291	1.4	3,295	1.1
Bulgaria	4,091	1.3	1,897	0.6
Italy	16,151	5.2	713	0.2
Switzerland	4,075	1.3	671	0.2
Others	3,551	1.1	437	0.1
Total	310,914	100.0	305,726	100.0

Henry A. Lane & Co., Ltd.

Cotton Consumption Drops in the United Kingdom

U.K. consumption of cotton totaled around 895,000 bales (480 lb. net) in 1966-67 (August-July), down from 1,008,000 a year earlier. This is the smallest offtake of raw cotton in many years. General economic depression, continued expansion in use of manmade fibers by textile mills, and rising imports of textiles contributed to the reduction in raw cotton consumption.

Demand for textiles has been reduced because of generally depressed economic conditions in the country. In addition, the termination of the 10-percent import surcharge, effective November 10, 1966, and the removal of the final EFTA tariff on December 31, 1966, resulted in increased textile imports, especially from Portugal in early 1967. While cotton consumption in 1966-67 declined more than 10 percent from a year earlier, manmade fibers output during calendar year 1966 continued to expand and was nearly 3 percent higher than in 1965.

Cotton imports by the United Kingdom in 1966-67 were 832,000 bales, compared with 964,000 a year earlier. The United States supplied around 20 percent of the country's raw cotton requirements during the past 3 years. During this same time, Turkey supplied about 15 percent. Imports from the Soviet Union have increased sharply in the past 2 years and in 1966-67 accounted for about 10 percent of the total. Imports from principal countries of origin in 1966-67, with comparable 1965-66 figures in parentheses and in thousands of bales, are as follows: United States 168 (164), Turkey 125 (143), USSR 86 (84), Brazil 50 (56), Sudan 49 (37), Peru 40 (54), Iran 37 (89), Colombia 27 (28), Egypt 25 (25), Nigeria 23 (23), Pakistan 22 (34), and Mexico 15 (25). Raw cotton imports from the United States include a few thousand bales of Mexican cotton transshipped through U.S. ports.

Raw cotton imports in the 1967-68 season are expected to be on a replacement basis. Consumption is not likely to decline much from the low level of 1966-67. Stocks at the end of last season were around 200,000 bales.

The recent currency devaluation in the United Kingdom should make British produced textiles more competitive with foreign textiles in both the domestic and export markets. Any increase in textile production resulting from the devaluation will benefit sales of raw cotton as well as manmade fibers.

Slowdown in French Cotton Consumption

Consumption of cotton by the French textile industry during the first 11 months of 1966-67 (August-June) totaled 1,155,000 bales (480 lb.), about the same as in the same months of the preceding season. The relatively high level of activity that had been reached during the 1965-66 season ended around December 1966, and since that time activity has slackened. Mill offtake in all of 1966-67 probably did not exceed 1,225,000 bales. This compares with 1,236,000 bales consumed in all of 1965-66.

Strong competition from manmade fibers, rising textile imports, and decreasing exports hamper expansion in raw cotton consumption. A number of company mergers in the industry have been directed at increasing efficiency and reducing the cost of production.

France imported 1,270,000 bales of raw cotton in 1966-67, an increase of 3 percent from a year earlier. The United States supplied 199,000 bales in 1966-67, a gain of

U.S. DEPARTMENT OF AGRICULTURE
WASHINGTON, D. C. 20250

OFFICIAL BUSINESS

POSTAGE AND FEE PAID
U.S. DEPARTMENT OF AGRICULTURE

To change your address or stop mailing, tear off this sheet and send to Foreign Agricultural Service, U.S. Dept. of Agriculture, Rm. 5918, Washington, D.C. 20250.

65,000 from the previous season; and Franc Zone countries supplied 335,000 bales in 1966-67, compared with 211,000 a year earlier. Cotton imports from other major sources in 1966-67 (comparable 1965-66 figures in parentheses) in 1,000 bales are as follows: Mexico 136 (228), Turkey 119 (111), the USSR 104 (101), Brazil 101 (61), and Syria 84 (67). Raw cotton stocks were estimated at around 240,000 bales at the end of the 1966-67 season, an increase from those at the end of 1965-66. Cotton stocks may be lower in the current year.

Mexico's Livestock Problem

(Continued from page 9)

with 36 for the cultivated pasture areas in the tropics. Their yield, however, is low—sometimes as low as 34 pounds of meat per acre—whereas cultivated pastures like the Huasteca—supplier of beef for the Mexico City slaughterhouse—produce nearly 1,000 pounds.

Market for U.S. breeding cattle

In addition to sending some of its feeder cattle to the United States, Mexico is also a big purchaser of U.S. breeding cattle. In fact, it has traditionally been the top outlet for such cattle: of a total of 13,994 head of U.S. breeding beef cattle inspected for export in 1966, 7,069 head were destined for Mexico, including 3,242 head of Hereford and 1,125 head of Brahman. (Purebred dairy cattle inspected for export totaled 23,515 head in 1966, with 12,076 head going to the Mexican market.)

In view of Mexico's current effort to bolster its livestock industry, the country should continue to be a good market for U.S. registered cattle.

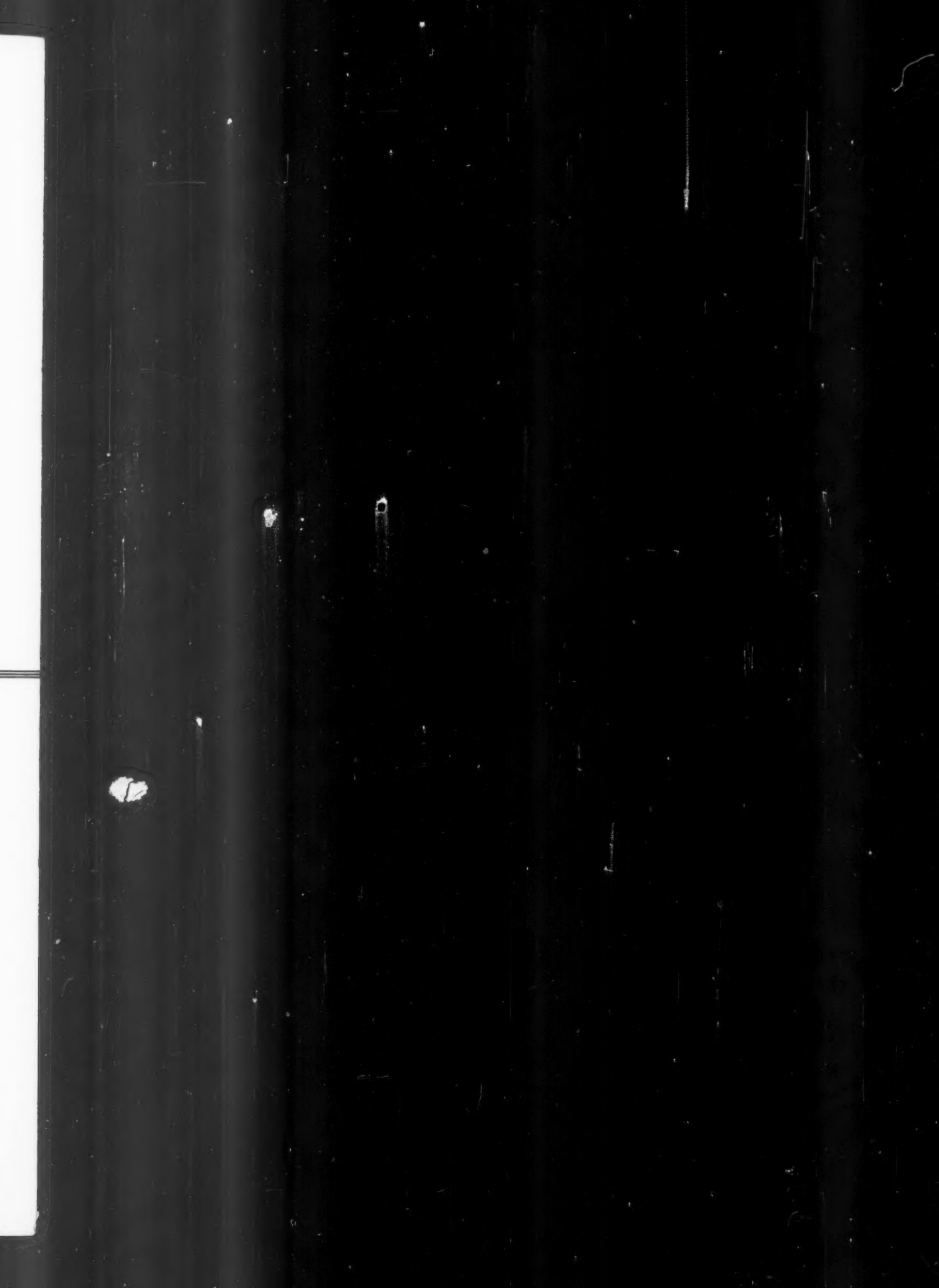
World Crops and Markets Index

Cotton
19 Cotton Consumption in the United Kingdom
19 Slowdown in French Cotton Consumption

Grains, Feeds, Pulses, and Seeds
17 Weekly Report on Rotterdam Grain Prices
17 Italian Grain Production and Outlook
17 West Germany Produces Bumper Hops Crops

Fats, Oilseeds, and Oils
18 Brazil Sets New Castor Oil Export Prices
18 Philippine Exports of Coconut Products

Fruits and Vegetables
17 West German Import Tender for Cut Orchids
18 Netherlands Canned Fruit and Juice Prices
18 Spain Reports Large Table Olive Pack

Livestock and Meat Products
19 U.K. Lard Imports Fall 2 Percent Below 1966

Tobacco
17 Ontario Flue-Cured Auction Sales